

JOINT VENTURE

NEWS RELEASE

December 19, 1988

SUMMARY

Drilling completed on the Texada Island project totalled 7,843' in seven holes. Significant gold, copper and silver mineralization was intersected in three of five holes drilled to test the extension of mineralization in the former Little Billie Mine. Approximately 31 miles of gradient array IP was completed.

DIAMOND DRILLING

Drilling commenced November 5, and was completed December 10, with 7,843' completed in seven holes. Five holes were designed to test reported mineralization below the sixth and lowest level of the former Little Billie Mine and two holes designed to test an IP anomaly southeast of the former Copper Queen Mine.

Reports written in 1956 documented gold and copper mineralization in short underground holes drilled below the sixth level of Little Billie. Holes drilled from surface during November and December were laid out to test this mineralization on sections approximately 100' (T88-1 & -2) and 200' (T88-3, -4 & -5) south of the underground holes. Assay data is summarized in the following table.

HOLE	INTERVAL (ft)	LENGTH (ft)	Au (oz/ton)	Ag (oz/ton)	Cu (%)
T88-1	748.7-768.0	19.3	0.212	0.85	1.60
	791.3-799.5	8.2	0.416	2.65	5.92
T88-3	889.4-902.9	13.5	0.772	2.31	3.04
T88-4	915.0-930.1	15.1	0.508	1.57	2.60

Uncut individual assays incorporated in the above averages, are as high as 1.918 oz/ton gold over 3.3 feet. Several analyses were done on every sample for each element and the determinations involved two different laboratories.

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Analytical results are not yet available from holes T88-6 and T88-7 which were drilled to test an IP anomaly southeast of Little Billie and Copper Queen. Several zones of sulphide mineralization were present in T88-7. This IP anomaly is over 400 meters in length and is approximately 100 meters southeast of the Copper Queen.

GROUND GEOPHYSICS

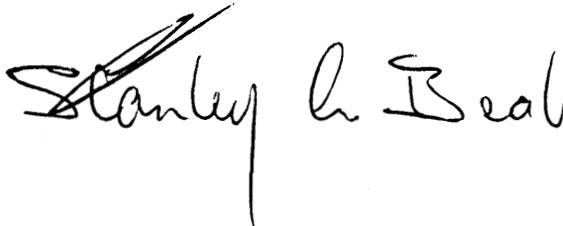
Gradient array IP surveying began in early November and will terminate in December with a total of approximately 31 line miles completed. Some gradient anomalies have been detailed with pole-dipole array IP. Several anomalies were outlined in the area between the abandoned Copper Queen and Cornell Mines of which one anomaly has now been tested with two drill holes. Two pole-dipole lines were completed over the Manto Occurrence in the Ideal Cement quarry and a deep anomaly is indicated. Channel sampling in this area previously assayed .233 Au opt, 5.81% Zn, and .52% Cu over 17.4 feet. Geophysical probing of drill holes has yet to be done, however, this will be completed as soon as contractors are available.

1989 PROGRAM

The projected 1989 program will consist primarily of core drilling on the Little Billie, and the Copper Queen, Cornell and Manto I.P. anomalies.

On behalf of the Board of Directors,

VANANDA GOLD - V.S.E. SYMBOL: VAG

A handwritten signature in cursive script that reads "Stanley L. Beale". The signature is written in dark ink and is positioned to the right of the typed name.

Stanley L. Beale
President

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